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TAB A

PROPOSAL TO PERMIT THE STRENGTHENING
OF INTELLIGENCE ACTIVITIES



1st Printed Revision

Problem:

1. To determine ways and means whereby the DCI can ensure that the intelligence components which make up the federal intelligence system obtain sufficient budgetary support to be able to undertake such intelligence activities as relate to the national security.

Discussion:

2. It is clear that the intent of the Act and the NSCIDs is that the Agencies represented on the Intelligence Advisory Committee are to operate insofar as possible as a system, interrelated and interdependent. While the Act and the Directives accord due respect to the fact that the individual intelligence agencies must meet their departmental responsibilities, the separate agencies are to be so managed as to achieve coordinated intelligence in the interest of national security.

3. The injunction in the Law that the Central Intelligence Agency (and therefore, in NSCID-1, the Director, with the concurrence or dissent of the IAC) is to recommend to the NSC measures necessary for the coordination of such intelligence activities as relate to the national security has a positive implication: that those activities are to be made stronger, more effective, and more efficient. A weakness developing with respect to any of the agencies is immediately the concern of the responsible intelligence chief. If the weakness will affect the national security, it also becomes the concern of the DCI. In some such cases, the weakness can be corrected by the responsible chief alone; in others, the correction may transcend his ability, in which event the support of the DCI and the IAC, or the NSC, may properly be required.

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4. By virtue of Mr. Armstrong's letter (see Tab B, which was discussed by the IAC on 15 September 1953, IAC-M-121) a point has been reached where we must examine whether or not a Congressional or departmental decision to reduce an intelligence activity which relates to the national security can remain solely a departmental matter. While this particular case involves a weakening of certain activities in the Foreign Service, comparable reductions in military agencies' reporting capabilities or in the intelligence agencies' production capabilities might well have similar adverse effects on the national security.

5. In order for the federal intelligence system to be maintained in a healthy state and its integral parts balanced insofar as possible, it appears that two courses of action would be desirable:

a) Where departmental intelligence activities are clearly a need of the department but are deemed also essential to the DCI's responsibility toward the national security, the DCI, after consultation with the IAC, should provide appropriate support in the presentation of such budget items to the Bureau and the Congress and, if necessary, to the department or agency concerned when it comes to allocation of its appropriation among the various components of that department or agency. This would ensure that the Bureau of the Budget, the Congress, and the department or agency, in considering a departmental appropriation, would have full cognizance of the national security implications of functions which otherwise might be thought to be exclusively to meet departmental needs.

b) Where the department or agency has been performing or should perform services (in addition to those required for departmental use) for the benefit of CIA and the community, the DCI, in cooperation with the department or agency should define the needed services. The DCI might, by mutual understanding, then budget for these additional services and reimburse the department or agency for such.

6. To date, CIA has not, by and large, carried out the procedure described in 5 (a) above. CIA has been in certain instances operating on the thesis set forth in 5 (b) above. The Agency has reimbursed the State Department for the following intelligence services:

a) National Intelligence Survey, in order to carry out for the DCI in the most efficient way his responsibility for

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NIS. (While thus far CIA has not similarly reimbursed the military intelligence agencies for NIS production, it would be better, both from the point of view of the Congress and the DCI, if CIA budgeted for their research also.)

b) External Research Staff, on the ground that such coordinating effort could be best operated out of the Department of State and for the benefit of the community, including CIA.

c) Political and cultural biographic intelligence for services rendered to CIA, while at the same time CIA discontinued similar biographic intelligence which it had earlier developed.

7. In none of the foregoing instances was CIA specifically directed by the NSC to reimburse the Department of State for services rendered, though in the external research case the concurrence of the Psychological Strategy Board was sought and obtained. As far as is known, CIA has not provided funds to the military intelligence agencies for services rendered, although at one point during the last year, G-2 was favorably considering the possibility of receiving NIS funds along the line of the State Department arrangement.

8. Inasmuch as we can expect in the future new difficulties to arise both with respect to strictly departmental intelligence activities and those which serve the community, it would be helpful if there would be a statement of policy from the NSC within which framework the agencies could collaborate. A revision of NSCIDs 1 and 2, as follows, would provide such policy direction:

a) Revise NSCID 1, paragraph 11, to read:

" The intelligence organizations, within the limits of their capabilities, shall provide, or procure, such intelligence as may be requested by the Director of Central Intelligence or by one of the other departments or agencies. Where such requests involve additional expenditure of funds, reimbursement following agreement between the heads of the responsible organizations shall be provided in accordance with 31 U. S. C. 686, as follows: by the DCI when the request serves the needs of CIA or the intelligence community; or by another department or agency when its specific needs are served solely by the request. Advance planning will be achieved for these purposes to allow the preparation of necessary budget estimates to include the funds for reimbursement.

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b. NSCID 2, paragraph 4, to read:

"The collecting and reporting facilities of each of the agencies shall be utilized so as to avoid unproductive duplication and uncoordinated overlap and to ensure /within budgetary limitations/ within the capabilities of the intelligence community that full flow of intelligence information which is the major need of all departments and agencies for the accomplishment of their respective missions. (Deletion in brackets, insertion underlined.)

9. The foregoing revisions mean as follows: The departments will budget for a minimum which they judge necessary to meet their responsibilities. That which CIA identifies as additional services, which are over and beyond the minimum and are required to meet intelligence needs of CIA and the community, will be budgeted for by CIA. Such funds, when allocated to CIA, will be used to reimburse the department or agency for the additional services. This does not mean that the responsibility for rendering the services will be transferred to CIA. There already exists a statutory procedure which shall be used when appropriate whereby the responsibility for rendering services may be transferred to CIA, i. e., CIA may (a) carry out such services of common concern as directed by the NSC, or, (b) perform such other functions and duties as the NSC may direct. Such direction would normally take the form of a new NSCID or the revision of an old one which has already placed functional responsibility.

Recommendations:

10. That the IAC agree in principle to the following:

Where departmental intelligence activities are clearly a need of the department but are deemed also essential to the DCI's responsibility toward the national security, the DCI, after consultation with the IAC, should provide appropriate support in the presentation of such budget items to the Bureau and the Congress and, if necessary, to the department or agency concerned, when it comes to allocation of its appropriation among the various components of that department or agency. This would ensure that the Bureau of the Budget, the Congress, and the department or agency, in considering a departmental appropriation, would have full cognizance of the national security implications of functions which otherwise might be thought to be exclusively to meet departmental needs.

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11. That the IAC approve the following procedure to implement the foregoing policy:

The DCI shall, in cooperation with the departments or agencies individually or collectively as necessary, define those departmental intelligence activities which ^{are} clearly a need of the department or agency concerned ~~but which~~ are deemed also essential to the DCI's responsibility to the national security. Thereupon, those definitions shall be submitted to the IAC for consultation. The DCI shall be provided sufficiently in advance of the department or agency's presentation to the Bureau and the Congress with the necessary departmental budget data to permit him to provide appropriate support to the Bureau and the Congress. Upon approval of appropriations by Congress, the recipient department or agency shall make available to the DCI at the earliest possible date the tentative departmental allocation for the intelligence activities in question, in order that the DCI may, if necessary, make an appropriate presentation to the department or agency concerned.

12. That the IAC concur in the proposed revisions in the NSCIDs 1 and 2 as follows:

NSCID-1
para. 11

The intelligence organizations, within the limits of their capabilities, shall provide, or procure, such intelligence as may be requested by the Director of Central Intelligence or by one of the other departments or agencies. Where such requests involve additional expenditure of funds, reimbursement following agreement between the heads of the responsible organizations shall be provided in accordance with 31 U.S.C. 686, as follows: by the DCI when the request serves the needs of CIA or the intelligence community; or by another department or agency when its specific needs are served solely by the request. Advance planning will be achieved for these purposes to allow the preparation of necessary budget estimates to include the funds for reimbursement.

NSCID-2
para. 4

The collecting and reporting facilities of each of the agencies shall be utilized so as to avoid unproductive duplication and uncoordinated overlap and to ensure /within budgetary limitations/ within the capabilities of the intelligence community that full flow of intelligence information which is the major need of all departments and agencies for the accomplishment of their respective missions. (Deletion in brackets, insertion underlined.)

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13. It is recommended that the IAC concur in the following procedure to implement the foregoing NSCID revisions:

The DCI shall submit, after consultation with the departments or agencies individually or collectively as necessary, to the IAC a statement of those services in addition to those required for departmental use which are of benefit to CIA and the community, with a statement of his intention to budget for those additional services. This is to ensure that there is agreement on the need of the community, the need of the CIA having been previously defined by itself. The Director will also make clear his intention, having received a Congressional appropriation in pursuance of such budget request, to reimburse the appropriate department for the additional service.

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IAC-M-121

15 September 1953

Approval of Minutes

1. Action: The Minutes of 8 September 1953 (IAC-M-120) were approved.

The Significance of the New
Indonesian Government
(SE-51)

2. Action: Approved as amended.

Probable Soviet Bloc
Courses of Action
Through Mid-1955
(NIE-95)

3. Action: Agreed that the Board of National Estimates will incorporate changes expressing the sense of the IAC discussion in a new draft. An attempt will be made to secure approval by contacting IAC members. Failing this, another meeting by the Committee will be held on this estimate.

Proposal to Strengthen
Certain Intelligence
Information Collecting
Activities (IAC-D-73)

4. Action: The members agreed that the specific problems of foreign publication and map procurement raised in Mr. Armstrong's letter (Tab A to the document) were of concern to their agencies and that maintaining the flow of publications and maps at approximately present levels was essential to their operations. The Director announced that he would consult the Director of the Bureau of the Budget with reference to CIA providing funds as an emergency measure to support those publication and map procurement positions being abolished as a result of Foreign Service budget reductions. The longer range considerations involved in this problem of inadequate funds for intelligence collecting activities were postponed for consideration by the IAC at a later date.

IAC-M-121

15 September 1953

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Received:	Approved
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✓	RDD
✓	CEH
✓	WRL
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IAC-D-73
9 September 1953

INTELLIGENCE ADVISORY COMMITTEE
PROPOSAL TO STRENGTHEN CERTAIN INTELLIGENCE
INFORMATION COLLECTING ACTIVITIES

1. The State Department, through the letter from Mr. Armstrong to the Acting Director of Central Intelligence (attached at Tab A), sets forth a framework in which the Director of Central Intelligence could provide financial support for collection activities beyond a stated minimum which the Department can provide under its budget.

2. It is believed that the action in this case is of fundamental importance to the future of the federal intelligence system as well as of vital importance to satisfy the immediate needs of the government.

3. The DCI has instructed the Secretary to submit to the IAC for its consideration the attached study (Tab B) containing recommendations for IAC action in this matter. This study was prepared by the Office of Intelligence Coordination.

JAMES Q. REBER
Acting Secretary

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9 September 1953

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INTELLIGENCE ADVISORY COMMITTEE
PROPOSAL TO STRENGTHEN CERTAIN INTELLIGENCE
INFORMATION COLLECTING ACTIVITIES

Problem:

1. To prepare for the IAC recommendations with respect to the problems which the recent budget cuts in the Foreign Service pose for the intelligence community. (See Tab A)

Discussion:

2. It is clear from the Act and from the NSCIDs that the IAC was intended to be a structure, that the DCI and the IAC, while paying due respect to the requirements to meet departmental responsibilities, were also to be concerned about so managing the separate parts as to benefit the whole and to attempt to strengthen the system and the facilities within it for national security purposes. It follows that it is a major responsibility of the DCI to advise the National Security Council, therefore, of a development which weakens substantially the facilities on which the system rests.

3. The Department of State letter is a proper action in advising the DCI of such a weakening of a facility under its administration.

4. In pursuance of the letter and spirit of the law and the NSCIDs, it becomes appropriate and necessary for the DCI to appraise in consultation with the IAC the damage to the work of the agencies individually and in their collaboration, and to recommend to the National Security Council, with the concurrence of the IAC, action which will permit the correction of this weakness.

5. While the DCI in the past has without benefit of specific direction from the NSC allocated funds to another agency (the State Department) for research production in support of NIS in order that a government-wide program may proceed even in the face of

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inadequate funds for the Department, there have been also instances of financial support to certain intelligence collection activities of the Foreign Service in order to strengthen where again departmental funds were lacking.

6. NSC direction is essential in respect of the present problems:

a. because of the far reaching implications of the policy framework proposed by the Department in the subject letter both for the Foreign Service and possibly for collection activities of other agencies;

b. because the supplying of funds in that regard might appear to or actually threaten the State Department's responsibility for administering the intelligence collection activities of the Foreign Service; and

c. because of the probability that agreement with the policy proposal of the Department and its implementation in any substantial way might be construed as a violation of the intent of Congress in its reduction of funds for the Foreign Service.

7. Accordingly, it would be wisest to approach this problem in terms of the amendment of relevant NSCIDs. Specifically, NSCID 1, paragraph 11, might be revised to read:

"The intelligence organizations /within the limits of their capabilities/ shall provide, or procure, such intelligence as may be requested by the Director of Central Intelligence or by one of the other departments or agencies. The Department of State or the Department of Defense shall take appropriate measures to obtain the necessary funds from the Congress or from the Director of Central Intelligence to carry out this function (deletion in brackets, insertion underlined).

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NSCID 2, paragraph 4, should be revised to read:

"The collecting and reporting facilities of each of the agencies shall be utilized so as to avoid unproductive duplication and uncoordinated overlap and to insure /within budgetary limitations/ that full flow of intelligence information which is the major need of all departments and agencies for the accomplishment of their respective missions. The Department of State and the Department of Defense shall take appropriate measures to obtain the necessary funds from the Congress or from the Director of Central Intelligence in order to carry out this function."

8. It should be noted that this provision is not entirely new but appears in a slightly modified form in NSCID 10 dealing with "[The] collection of foreign scientific and technological data" which was approved 1/18/49, whereas NSCIDs 1 and 2 were approved in the early part of 1948. The relevant part of NSCID 10 reads as follows:

"In order to provide for the collection of the data which is the responsibility of the Department of State, the Department of State shall take appropriate measures to obtain the necessary funds from the Congress or from the agencies served, other than the Department of Defense (underlining supplied), and will appoint, as practicable, specially qualified scientific and technical personnel to selected U.S. missions for this collection responsibility."

9. ^{spellout} It should be noted that the Department of State's proposal represents a budget allocation for positions only for fiscal 54. It cannot, of course, insure that the same personnel will be available normally in the future. Thus the Department could increase out of its own budget such personnel or, in the face of new budgetary restrictions or other factors, reduce such personnel. None the less, it will be observed that the opening paragraph of the Department's letter hazards that "this reduction will no doubt

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continue in effect in subsequent years, and will therefore have a long term effect on the functions of the Foreign Service, including the collection of intelligence information from overt sources." It could be argued that were the Department's policy framework agreed to, the Department might then in the future restrict its budget requests in the field of identifiable intelligence information collecting activities, depending on the DCI to provide the necessary financial assistance. Thus it might be desirable to explain to the NSC that it is the intention of the Department of State as a normal matter to budget for at least the present minimum established in the annex to the policy proposal (Tab A) and that CIA may in the future be required to support the differential between that minimum and the needs of the community. Because of the historical fact of limited budgets for military intelligence activities in time of peace, this same point may have applicability for these services in the future.

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question
outgoing*

Recommendation:

10. That the IAC concur in the submission to the NSC of the amendments to NSCIDs 1 and 2 as outlined in paragraph 7 above.

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